

MEMORANDUM

TO: Vice Chancellors and Chief of Staff

CC: Chancellor and Members of the Chancellor's Cabinet,

FROM: Brian R. Chapman and Charlie Maimone

DATE: 15 January 2009

RE: **2009-2011 BUDGET REDUCTION PLANNING**

We want to thank each of you for your open and honest participation in the Administrative Retreat. The discussions at the retreat were enlightening and productive. In this memorandum, we will attempt to describe the next steps of the budget planning processes and prepare you for your participation. Similar information is being distributed to the academic deans.

As we discussed on Monday, there are two distinct budget plans that must be developed. The first, and perhaps the most critical, involves a re-examination of the proposals that each of you submitted in December. As you recall, we had little more than two weeks to prepare three budget scenarios (plans for reductions of 3%, 5% and 7%) for the 2009-2011 biennium. Because of the restricted timeline and the fact that the three scenarios used an "across-the-board" approach, the Chancellor received permission from the General Administration for us to re-examine our budget strategy to employ a more strategic approach. We will not be bound by the General Administration to follow the plans that we submitted in December. The first part of this memo will address the principles and procedures that the Cabinet agreed upon for a re-examination of that exercise.

Guiding Principles for the 2009-2011 Budget Plan

It appears certain that UNCW will experience a permanent budget cut, but we do not yet know what the amount of the budget cuts will be. Given the current economic environment,

we can expect reductions for each year of the next biennium. Although we presented plans in December for each of three reduction scenarios, we agreed that it would be prudent to reexamine only our plans for a 7% budget reduction for each year of the next biennium.

As we discussed, we will not make across-the-board reductions. Although across-the-board reductions might be viewed as being “fair,” such an approach does not reflect a prioritization of our essential functions. An across-the-board reduction would not help us reach our strategic goals. In reality, across-the-board cuts weaken all programs and reduce our ability to provide quality education and services to our students.

Despite the difficult economic period, the University must continue to invest in essential areas of growth and development. We must find ways to develop new and innovative programs and enhance our delivery of high quality programs and services. Therefore, budget cuts for the biennium will be strategic and this may require that some areas within the University endure larger budget cuts than other areas so that we can meet our strategic goals and respond to current and future needs.

We, the Cabinet, have agreed that we must seek strategic solutions to the budget reductions by focusing on the University’s seven strategic goals:

- Enhance Student Learning
- Foster a Superior Faculty and Staff
- Embrace Diversity
- Provide a Safe, Attractive Campus
- Become Global Citizens
- Strengthen Regional Engagement
- Increase Financial Support

We must identify the highest priorities within each strategic goal and minimize the budget impact on them. However, this commitment does not insulate all activities and services within each goal from the budget reduction. As a part of the strategic budget reduction exercise, each unit will need to prioritize each of its own program’s importance in light of those goals and then determine the most efficient method for delivering the desired outcomes for each goal. Some specific activities may have to be minimized or deferred to a more optimum time.

Budget Planning Instructions

Please re-examine your respective 7% budget reduction plans which were developed in December. Two type of changes need to be made to the existing plans:

1. Recognizing that some divisions might be asked to accept more of the reduction than another, we are asking that each division prepare a 7% permanent base budget reduction plan (i.e., no one-time funds) which meets the requirement in each of the two years of the biennium.
2. Identify those items within your plan that you consider strategic priorities or critical operations and replace them with less critical or strategic reductions from within your operations. In other words, no division may propose reductions to their operation that are considered critical to the strategic plan or its continuing critical operations.

Out discussions will help prioritize between divisions. We will need to decide which items are we consider essential and those that we do not.

These budget reductions will require us to take a critical look at practices and policies that are ineffective, duplicative, or out-dated. As we look critically at what we do and how we do it, we may identify opportunities to be innovative. This fresh look should consider the following when revising the 7% budget reduction plans:

- Review spending patterns
- Review organizational structures
- Identify the most cost effective methods of delivering education and services
- Create options for delivering services in the most efficient manner
- Identify alternative funding sources and new sources of income
- Determine whether or not we can scale back or eliminate ineffective programs or services
- Ensure that reductions in one area do not impact income in another area

The leadership team in Academic Affairs must critically examine the potential for each of the following when developing budget reduction plans:

We are aware that there are some units across the campus that provide a program or service which duplicates a program or service that is already provided by another unit. In such cases, we need to review each duplicated activity and possibly eliminate some as part of the University's budget reduction plans. [Examples of unit-level duplications include: IT Specialists; Career Services; Marketing; Diversity; Counseling; Continuing Education, etc.] If your unit provides a service that is considered duplicative, we need to work with the other units across campus to find university-level efficiencies.

Identify Stellar Programs and Opportunities

As you consider budget redirections, think also about opportunities to improve programs or create new ones. Be creative. Ask the question: “How do we seed stardom?” and develop answers.

Cautions

Be very cautious about sharing your plans with individuals outside of the University even though some may serve on advisory boards. The plans that you submit will be reviewed and determinations will be made based on the University’s priorities. Consequently, your plans may be modified. Again, it is important to remember that the University budget will take an overall strategic approach rather than an across-the-board or “unit-specific” approach.

Meeting Schedule

Re-examine your 7% budget reduction plan with these new considerations in mind. Our **first meeting** will be at **11:30 am, Monday, January 26th in the Saffo Room of the Fisher University Center**. We will meet weekly to identify University priorities and develop the University’s reduction and reallocation plan to support priorities and critical operations. Our goal is to complete the budget reduction process by March 31st.